Guide to Custom Farmwork and Short-Term Equipment Rental

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Factsheet

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(replaces OMAFRA Factsheet, *Guide to Custom Farmwork and Short-Term Equipment Rental*, Order No. 07-019)

INTRODUCTION

This Factsheet provides the following decision-making tools for farm managers and custom farmwork operators to manage the use of equipment and work time to meet production and profit goals:

- Survey of Custom Farmwork and Short-Term Equipment Rental Rates charged in 2009
- Guide to Calculating Custom Farmwork Rates and Short-Term Equipment Rental Rates
- Factors to Consider in a Custom Farmwork Agreement

Hiring custom farmwork provides an option for farm managers to purchase fieldwork and other services instead of owning the equipment and doing the work. In this Factsheet, a multi-year equipment lease is considered to give the farm manager the same day-to-day control as ownership. For more information on multi-year lease agreements, see the OMAFRA Factsheet, *Leasing Farm Equipment*, Order No. 09-035.

For equipment owners, providing custom farmwork services can be the focus of a business, a sideline farming enterprise that spreads equipment ownership costs over more acres, or a marketing tool to complement the sale of other farm inputs.

Table 1. Equipment use options

Option	Advantages	Disadvantages
Own or lease (long-term) equipment	• Equipment and operator are ready and available when needed, especially for weather-sensitive operations such as planting, spraying and harvesting. Timeliness of operation impacts directly on yield, product quality and farm revenue. • Farm manager has direct control of operating decisions. • Farm manager develops and maintains hands-on knowledge of operation. • Limited risk of weed transfer or biosecurity concerns.	• Farm business may not be large enough to cover the equipment's ownership and operating costs. • Equipment replacement rate may not keep pace with new technology. • The farm may not be able to supply the labour at the time the operation is required. • Farmer is required to master an additional management skill set. • Farmer is responsible for repairs beyond warranty when owned or as per lease agreement.
Hire custom farmwork	• Farm manager gains use of newer and more efficient equipment without full cost of ownership/operating expenses. • Custom operator provides expertise gained from a wider experience. • Custom operator maintains required regulatory certification. • Farmer can be busy elsewhere while custom operator provides service. • No direct repairs and maintenance costs.	• Custom operator may not be available at the most optimum time, resulting in reduced yield, product quality and revenue. • Farm manager loses direct control of operation. • Farm manager is dependent on the availability of custom operators. • Increased risk of weed transfer and other biosecurity concerns.
Rent equipment, short-term	• If equipment is available, farm manager controls the operation and the timeliness of the work. • Farm manager gains the use of equipment without the full cost of ownership and operating expenses. • Repairs and maintenance are made as per agreement.	• Availability of equipment affects timeliness of operation. • Rental equipment may not be available due to lack of year-round demand or over demand during a short season of use.

Ministry of Agriculture, Food and Rural Affairs

Ontario

SURVEY OF CUSTOM FARMWORK AND SHORT-TERM EQUIPMENT RENTAL RATES CHARGED IN 2009

Table 8, *Survey of Custom Farmwork Rates Charged in 2009* (page 10–15), shows the results of a survey of the rates charged in 2009 by 275 Ontario custom farmwork operators. The survey included:

- full-time custom operators
- farmers providing custom farmwork as a significant sideline business
- farmers providing limited custom farmwork to neighbours
- farm input suppliers providing custom application as a service

The custom rate charged included the equipment, fuel and operator cost but excluded the cost of material applied.

The survey shows what rates were charged in 2009 across Ontario; use these rates as a guide in making management decisions. There is no assurance that using the "average" rates reported here will cover the cost of providing the service. Custom operators should carefully calculate all costs and returns before setting prices. See *Guide to Calculating Custom Farmwork and Short-Term Equipment Rental Rate Charges,* on page 3.

The tables show ranges for the rates, as many factors can cause variations in the rates charged, including:

- the type, size, age of equipment
- the amount of use (number of acres covered or hours used)
- availability of the equipment in the local area
- field shape, size and topography
- soil conditions
- local tradition

Table 9, *Survey of Short-Term Equipment Rental Rates Charged in 2009,* on page 16, summarizes two sources of short-term tractor rental rates. The first source is 20 reports from custom operators. The second source, used with permission, is taken from Iron Solutions' *Eastern Canada Winter 2009 Official Guide*, a survey of tractor rental rates charged by Eastern Canadian machinery dealers in 2009.

Survey Details

Results are summarized by province and by six smaller regional areas. Where available, the 2009 provincial average rates are also listed. (The most recent survey before the 2009 survey was taken in 2006.)

Average Rates

An average rate is given when there are at least three reports. The greater the number of reports, the more the summary reflects the market rates.

What Are Percentiles and How Can You Use Them?

Percentiles have been used to help show the range of the rates that were charged. For example, in the Provincial Summary, the 15th percentile for corn combining with grain buggy is $36/acre and the 85th percentile is $43/acre. This means that 15% of those surveyed charged $36/acre or less and 15% charged more than $43. Seventy per cent (85th–15th percentile) of all those reporting charged between $36 and $43/acre. The average rate charged was $40/acre.

Survey Areas

Area 1	Chatham-Kent, Elgin, Essex, Lambton, Middlesex
Area 2	Brant, Haldimand, Hamilton, Niagara, Norfolk, Oxford
Area 3	Bruce, Dufferin, Grey, Halton, Huron, Peel, Perth, Simcoe, Waterloo, Wellington
Area 4	Durham, Haliburton, Hastings, Kawartha Lakes, Muskoka, Northumberland, Parry Sound, Peterborough, Prince Edward, York
Area 5	Frontenac, Lanark, Leeds-Grenville, Lennox-Addington, Ottawa, Prescott-Russell, Renfrew, Stormont-Dundas-Glengarry
Area 6	Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Rainy River, Sudbury, Thunder Bay, Timiskaming

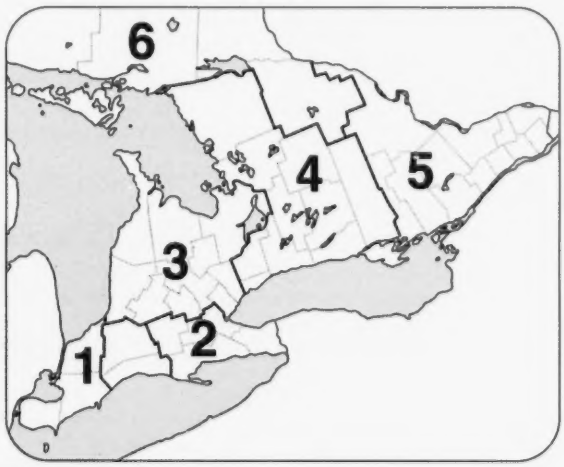

Figure 1. Survey areas.

GUIDE TO CALCULATING CUSTOM FARMWORK AND SHORT-TERM EQUIPMENT RENTAL RATE CHARGES

Farm managers who use the equipment in their own operations as well as providing custom farmwork to others should calculate costs using the total of own farm and custom acreage and operation hours.

Example calculations are based on market prices and Tables 5, 6 and 7 of this Factsheet. See the OMAFRA Factsheet *Budgeting Farm Machinery Costs,* Order No. 01-075, for additional machinery cost information. Downloadable spreadsheet versions of the Custom Farmwork Rate Calculator and the Short-Term Equipment Rental Rate Calculator are available as part of the Farm Business Decision Calculators section of the Agricultural Business Management Section of the OMAFRA website: www.ontario.ca/agbusiness.

Table 2. Custom farmwork rate calculator

Power unit (tractor or self-propelled machine)				
Annual fixed cost				
Depreciation =	purchase price – trade-in value / life of machine (years)			
Interest* =	(purchase price + trade-in) x annual interest rate / 2			
Insurance & housing =	purchase price x 1½%			
Total		**(A)**		
Annual operating cost				
Fuel & lubricants (Table 7)=	(L/hr x hr/yr x fuel cost/L x 1.15)			
Repairs =	estimate using Table 6			
Total		**(B)**		
+ **Machine (tillage implement, PTO machine, other)**				
Annual fixed cost				
Depreciation =	purchase price – trade-in value / life of machine (years)			
Interest* =	(purchase price + trade-in) x annual interest rate / 2			
Insurance & housing =	purchase price x 1½%			
Total		**(C)**		
Annual operating cost				
Repairs =	estimate using Table 6			
Total		**(D)**		
= **Annual machinery costs (A+B+C+D)**		**(E)**		
+ Profit margin (return to management, admin. costs) (suggest 15% of machinery costs (E x 0.15)		**(F)**		
+ Operator labour (self or hired) – (suggest 15% over machine hr for travel, downtime) # of machinery hr x 1.15 x wage/hr		**(G)**		
= ***Total costs (E+F+G)***		**(H)**		
= **Custom rate**	**H / Total annual acres** or **H / Total annual hours**	**(I)**		**per acre or per hour**

** Interest — Interest calculation is the average annual interest cost of the investment (yours and/or the lender's) that is tied up in the machine.*

Table 3. Short-term equipment rental rate calculator

+	Machinery costs (from Table 2, *Custom Rate Calculator* above)	**(E)**	
–	Total fuel and lubricant cost (if any) (see Table 2, above)	**(J)**	
+	Profit margin (return to management, admin. costs) suggest 15% of machinery costs (E – J) x 0.15	**(K)**	
=	***Total costs (E – J + K)***	**(L)**	
=	**Rental rate** **L / Total annual acres** or **L / Total annual hours**	**(M)**	**per acre or per hour**

Note: Rental rates may have minimum daily or weekly rates

EXAMPLE 1. Custom farmwork rate calculation

The following example calculates a custom farmwork rate for a combine with corn and soybean heads scheduled to be traded in 5 years.

Life (years) =	5	Purchase price =	$240,000	Trade in value =	$105,000	Interest rate = 5.0 %	
Acres/year =	1,600	Hours per year =	200	Fuel cost/L =	$ 0.60		
Corn/soy aver. acres/hr =	8	Average fuel used (L/hr) =	40				

EXAMPLE 1. Custom farmwork rate calculator

Power unit (tractor or self-propelled machine)				
Annual fixed cost				
	Depreciation =	(purchase price – trade-in value) / life of machine (years)		$ 27,000
	Interest =	(purchase price + trade-in) / 2 x annual interest rate		8,625
	Insurance & housing =	purchase price x 1½%		3,600
	Total fixed costs/yr		**(A)**	**$ 39,225**
Annual operating cost				
	Fuel & lubricants =	(L/hr x hr/yr x fuel cost/L x 1.15)		$ 5,520
	Repairs =	estimate using Table 6		2,000
	Total operating costs/yr		**(B)**	**$ 7,520**
+	**Machine (tillage implement, PTO machine, other)**			
	1. Annual fixed costs		**(C)**	0
	2. Annual operating costs		**(D)**	0
=	**Annual machinery costs (A+B+C+D)**		**(E)**	**$ 46,745**
+	Profit margin (return to management, admin. costs) – machinery costs (suggest 15%: E x 0.15)		**(F)**	$ 7,012
+	Operator labour (self or hired) – # of machinery hr (suggest 15% over machine hr for travel, downtime) x 1.15 x wage/hr		**(G)**	3,910
=	***Total costs (E+F+G)***		**(H)**	**$ 57,667**
=	**Custom rate**	H / Total annual acres **or** H / Total annual hours	**(I)**	**$36.04/acre or $288.32/hr**

In this example, if the operator combines 1,600 acres at $36/acre, the return to management is $7,000 ($4.38/acre or $35/machine hr), and the return to labour is $3,910 ($2.44/acre or $19.55/machine hr). The custom farmwork operator also earns a return of 5% interest on the owner's equity in the machinery.

Cash Flow Considerations

The example above calculates machinery costs and returns to management, labour and investment. The estimated annual depreciation and interest costs total $35,625. From a cash flow point of view, the depreciation is not a draw on the bank line. However, in the case of financing, loan payments are a cashflow requirement.

Actual loan principal and interest payments will depend on the amount financed and will be different from the figures in the example. It is possible to cash flow actual expenses at a lesser rate than the example but this would come at the cost of lower returns to management, operator labour and to the owner's equity tied up in the machine.

The capital cost of the equipment (purchase/trade-in values) and the number of acres worked are the two largest factors affecting price rate, and therefore have the biggest impact on profitability.

Table 4 shows how volume of acres affects the per acre costs in order to receive total returns equal to the 1,600 acres used in the previous example.

Table 4. Cost per acre comparison

	1,200 acres	1,600 acres	2,000 acres
Machinery fixed costs	$ 32.70	$ 24.50	$ 19.60
Machine operating costs	$ 5.00	$ 4.60	$ 4.40
Return to management	$ 5.80	$ 4.40	$ 3.50
Return to labour	$ 2.50	$ 2.50	$ 2.50
Total rate	$ 46.00	$ 36.00	$ 30.00

EXAMPLE 2. Short-Term Equipment Rental Rate Calculation

The following example calculates a short-term rental rate for the same combine with corn and soybean heads used in Example 1.

EXAMPLE 2. Short-term equipment rental rate calculator

+	Machinery costs (from Example 1, *Custom farmwork rate calculator*)		**(E)**	$46,745
–	Total fuel and lubricant cost (if any) (see Example 1, *Custom farmwork rate calculator*)		**(J)**	– $ 5,520
+	Profit margin (return to management, admin. costs) suggest 15 % of machinery costs less fuel and lubricants (E – J) x 0.15		**(K)**	+$ 6,184
=	***Total costs (E – J+K)***		**(L)**	$47,409
=	**Rental rate**	**L / Total annual acres** **or** **L / Total annual hours**	**(I)**	**$29.63/acre or $237.05/hr**

Note: Rental rates may have minimum daily or weekly rates

Table 5, *Trade-in values as a percent of purchase cost*, and Table 6, *Accumulated repair costs as a percent of purchase price*, provide information used in the example calculations.

Table 5. Trade-in values as a percent of new cost

End of year	Tractors									
	<80 hp	80–149 hp	150+ hp	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
1	60	68	67	74	49	56	65	47	61	69
2	54	61	59	62	44	50	60	44	54	62
3	50	57	54	54	40	46	56	42	49	56
4	46	53	49	48	37	42	53	40	45	52
5	43	49	45	43	35	39	50	39	42	48
6	41	46	42	38	32	37	48	38	39	45
7	38	44	39	34	30	34	46	36	36	42
8	36	41	36	31	28	32	44	35	34	40
9	34	39	34	28	27	30	42	34	31	37
10	33	37	32	25	25	28	40	33	30	35
11	31	35	30	23	24	27	39	32	28	33
12	29	33	28	20	23	25	38	32	26	31
13	28	32	26	18	21	24	36	31	24	29
14	27	30	24	17	20	22	35	30	23	28
15	25	29	23	15	19	21	34	29	22	26
16	24	28	21	13	18	20	33	29	20	25
17	23	26	20	12	17	19	32	28	19	24
18	22	25	19	10	16	18	30	27	18	22
19	21	24	18	9	16	17	29	27	17	21
20	20	23	17	8	15	16	29	26	16	20

Source: *American Society of Agricultural Engineers Standards*, American Society of Agricultural Engineers, 1999
Group 1: Combines, self-propelled forage harvesters.
Group 2: Swathers, mower-conditioners, rotary hay mowers, rotary mower-conditioners.
Group 3: Forage harvesters, balers, bale elevators, tub grinders, augers, grinder-mixers, forage boxes, roller mills.
Group 4: Planters, drills, sprayers.
Group 5: Moldboard plows, chisel plows, cultivators, V-rippers.
Group 6: Disks, harrows, hoes.
Group 7: Manure spreaders, miscellaneous equipment.

Table 6. Accumulated repair costs as a percent of purchase price

	¼% LIFE		½% LIFE		¾% LIFE		FULL LIFE	
Machine	**Accumulated Hours**	**Costs**	**Accumulated Hours**	**Costs**	**Accumulated Hours**	**Costs**	**Accumulated Hours**	**Costs**
2-wheel tractors	3,000	6.2%	6,000	25.0%	9,000	56.2%	12,000	100%
4 WD and MFWD tractors	4,000	4.8%	8,000	19.2%	12,000	43.2%	16,000	80%
Self-propelled combines	750	2.2%	1,500	9.3%	2,250	21.9%	3,000	40%
Planters, drills	375	4.1%	750	17.5%	1,125	41.0%	1,500	75%
Moldboard plows	500	8.3%	1,000	28.7%	1,500	59.6%	2,000	100%
Disk, disk harrows	500	5.5%	1,000	18.0%	1,500	35.9%	2,000	60%
Chisel plows	500	10.1%	1,000	26.5%	1,500	46.8%	2,000	75%
Cultivators	500	10.2%	1,000	27.0%	1,500	47.6%	2,000	70%
Mowers	500	14.2%	1,000	46.2%	1,500	92.0%	2,000	150%
Square balers, small	500	6.6%	1,000	23.0%	1,500	47.7%	2,000	80%
Square balers, large	750	6.0%	1,500	20.7%	2,250	43.0%	3,000	75%
Large round balers	375	7.4%	750	25.9%	1,125	53.6%	1,500	90%
SP forage harvesters	1,000	3.1%	2,000	12.5%	3,000	28.1%	4,000	50%
Rakes	625	8.6%	1,250	22.7%	1,875	40.1%	2,500	60%

Source: *American Society of Agricultural Engineers Standards,* American Society of Agricultural Engineers, 1999

EXAMPLE 3. Accumulated Repair Cost Calculation

New combine cost	$240,000
Projected use	8,000 acres or 200 hours per year over 5 years
Estimated accumulated repair costs at 1,000 hours	4.2% of purchase cost (estimated using Table 6)
Repair costs	Approx. $10,000 ($240,000 x 4.2%) over 5 yr for an average of $2,000/yr
Used machinery	When calculating the depreciation on used machinery, use the actual price paid for the machine minus its expected trade-in or salvage value, divided by the expected life of the machine on your farm. Increase repair rates to levels appropriate for the age or number of hours on the machine. Expect to have higher than normal repair expenses in the first year of ownership of a used machine as you bring it back into top operating shape.

Table 7. Performance, horsepower and fuel requirements of selected farm equipment

	HP required	acres/hr	L/acre	L/hr
4–18-in. furrow plow	75	2.8	4.5	12.5
6–18-in. furrow plow	130 MFWD	4.2	5.1	21.6
8–18-in. furrow plow	160	5.6	4.7	26.5
12.5-ft field cultivator	75	9.0	1.4	12.5
18-ft field cultivator	105 MFWD	13.0	1.3	17.4
37-ft field cultivator	225	26.7	1.4	37.5
11-ft chisel plow	75	5.9	2.1	12.5
15-ft chisel plow	130 MFWD	8.0	2.7	21.6
11-ft tandem disk	60	6.4	1.5	9.9
15-ft tandem disk	105 MFWD	8.7	2.0	17.4
4-r–36-in. row crop planter	40	5.6	1.2	6.8
6-r–30-in. row crop planter	60	7.0	1.4	9.9
12-r–30-in. row crop planter	105 MFWD	14.0	1.2	17.4
4-r–36-in. minimum-till planter	60	5.1	1.9	9.9
6-r–30-in. minimum-till planter	75	6.4	2.0	12.5
8-r–30-in. minimum-till planter	105 MFWD	8.5	2.1	17.4
25-ft grain drill	130 MFWD	4.7	4.6	21.6
35-ft grain drill	160 MFWD	14.9	1.8	26.5
12-ft presswheel drill	75	5.1	2.5	12.5
20-ft presswheel drill	130 MFWD	8.5	2.5	21.6
15-ft no-till drill	130 MFWD	6.4	3.4	21.6
20-ft no-till drill	160 MFWD	8.5	3.1	26.5
30-ft sprayer	40	15.4	0.4	6.8
50-ft sprayer	60	25.6	0.4	9.9
9-ft mower conditioner	40	4.4	1.6	6.8
9-ft rotary mower/conditioner	75	6.6	1.9	12.5
Square baler	40	4.4	1.6	6.8
Round baler 1,000 lb	60	3.0	3.3	9.9
Round baler 1,500 lb	60	4.0	2.5	9.9
Large size square baler	130 MFWD	16.3	1.3	21.6
Round baler 1,000 lb/wrapper	60	3.0	3.3	9.9
2-row forage harvester	105 MFWD	1.4	12.5	17.4
Large forage blower	60			9.9
Combine 4-r–30 in. corn head	190	2.8	11.4	31.8
Combine 12-r–30 in. corn head	275	7.6	6.0	45.9
Combine grain head 20 ft	220	6.8	5.4	36.8
Combine grain head 30 ft	275	10.2	4.5	45.9
Combine soybean head 15 ft	220	4.5	8.2	36.8
Combine soybean head 25 ft	275	7.4	6.2	45.9

Source: *American Society of Agricultural Engineers Standards*, American Society of Agricultural Engineers, 1999.

FACTORS TO CONSIDER IN A CUSTOM FARMWORK AGREEMENT

Custom hiring is a business arrangement. Write the terms of the arrangement in a formal agreement. If unwritten, the terms are more likely to be misunderstood in the case of a dispute. While written custom hiring agreements have not been common in the past, increased demands for nutrient management plans, quality assurance programs and environmental stewardship records give added incentive beyond the business benefits of written agreements. Consider the following in a custom hiring agreement.

Timeliness

Significant losses can occur if an operation is not started or completed on time. To facilitate planning, include a schedule of operations for both parties in the custom hiring agreement. Such a schedule would be subject to weather conditions and crop maturity.

Operations

Write into the agreement the exact operations to be performed by each party and the machine, materials and labour to be supplied by each.

Rate Schedule

Stipulate the rate for each operation to be performed on the basis of acreage, time (hour, day, week) or total operation performed.

Management

State that both the custom operator and the owner will adhere to appropriate and accepted farming practices in his or her respective part of the farming operations. The contract provides an opportunity to clarify management roles and responsibilities, create mutual understanding and provide a dispute resolution mechanism.

Environment Matters

While the owner is ultimately responsible for activities occurring on the property, regulatory authorities can charge any one of the owner, the tenant farmer or the contract operator for causing environmental damage. It is the responsibility of each party to understand his or her environmental responsibilities. Where the custom farmwork operation carries the risk of an environmental spill, such as in manure or pesticide application, it is important that a contingency plan exists that identifies the containment and clean-up process, which party has the authority to initiate the contingency plan and to which party the clean-up costs are assigned.

Terms of Payment

Stipulate terms of payment for custom operations. Bill the client upon the completion of each custom operation, indicating actual units (hours, acres, etc.) completed, the rate charged per unit, the total charge and the date payment is due.

Termination

Include a minimum period for notice of termination in a custom hiring agreement. State penalties, if any, for termination or for failure to give appropriate notice of termination.

OTHER CONSIDERATIONS

Insurance

A custom operator may be classified differently from a farmer when insuring equipment. Be clear with the insurance company about which role you are playing if considering doing custom work or renting out equipment.

Workplace Safety and Insurance Board (WSIB)

Custom operators are responsible for carrying appropriate WSIB coverage for their employees. The WSIB issues Clearance Certificates to employers to document this WSIB employee coverage.

WSIB coverage is optional for sole proprietors, partners, independent operators and executive officers of a corporation.

A WSIB Independent Operator Ruling documents that the custom operator is not considered to be an employee of the farmer by the WSIB.

The WSIB deems the operator of the equipment to be an employee of the farmer during the custom farmwork unless the custom equipment operator has either a WSIB Clearance Certificate or a WSIB Independent Operator Ruling.

Farmers should ask the custom operator to see a copy of a WSIB Clearance Certificate or WSIB Independent Operator Ruling prior to the work. If there is no Clearance Certificate or Independent Operator Ruling, custom operators should itemize the labour component of the custom rate charge on the bill so that the farmer can pay the required WSIB premiums on the equipment operator's labour.

For further information regarding WSIB responsibilities, contact the WSIB at 1-888-259-4228.

Licences and Certifications

The custom operator should maintain, as required, any regulated certifications or licences for the equipment and equipment operators involved in the custom work.

SUMMARY

Contracting custom farmwork will continue to provide farm managers with an option to manage machinery costs and technical skills. Developing clear custom farmwork contracts is a benefit to both the farm manager and the custom operator.

This Factsheet is intended as general information, not specific advice concerning individual situations. Individual custom farmwork agreements should be discussed with your lawyer. The Government of Ontario assumes no responsibility for persons using this publication as a basis to draft a custom farmwork agreement or to set custom farmwork and short-term equipment rental rates.

Averages shown in the tables are a simple average of the rates charged in 2009 across Ontario as reported in a survey of Ontario custom farmwork operators. Percentiles show the range of the rates that were charged. There is no assurance that using the average rates reported here will cover the cost of providing the service. Before setting prices, carefully calculate all costs and returns.

REFERENCES

The author would like to gratefully acknowledge the permission given by the authors of the following publications from which portions of this paper were developed:

Farm Machinery Custom and Rental Rate Guide 2000. Economics and Farm Management Section, Sustainable Production Branch, Saskatchewan Agriculture and Food.

1999 Minnesota Farm Custom Rate Survey. Bill Lazarus, Extension Economist, Department of Applied Economics, University of Minnesota Extension Service.

Acquiring Farm Machinery Services: Ownership, Custom Hire, Rental, Leasing, 2001. William Edwards, extension economist, and Vernon M. Meyer, retired extension agricultural engineer, Iowa State University Extension.

Iron Solutions™ Eastern Canada Region Winter 2009 Official Guide. Dealer edition.

The author also wishes to thank the custom farm operators who completed the survey of rates charged in 2009.

This Factsheet was updated by John Molenhuis, Business Analysis and Cost of Production Program Lead, Economic Development Division, OMAFRA, Brighton, and originally written by Carl Fletcher, Strategic Business Planning Lead, Economic Development Division, OMAFRA, Guelph.

Table 8. Survey of Custom Farmwork Rates charged in 2009

CUSTOM OPERATION		Provincial					Area 1		Area 2		Area 3		Area 4		Area 5		Area 6	
			2009	2009 Percentile		2006		2009		2009		2009		2009		2009		2009
	Unit	#	ave.	15th	85th	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.
TILLAGE																		
Moldboard plow	ac	96	$ 24	$ 20	$ 30	$ 22	21	$ 24	14	$ 24	37	$ 23	8	$ 29	13	$ 27	3	$ 26
	hr	67	$ 111	$ 70	$ 150	$ 88	11	$ 136	8	$ 98	29	$ 107	6	$ 112	11	$ 111		
Chisel plow/soil saver	ac	74	$ 20	$ 17	$ 24	$ 18	15	$ 21	17	$ 20	30	$ 19			8	$ 26		
	hr	42	$ 160	$ 91	$ 215	$ 129	9	$ 182	9	$201	15	$ 144			5	$ 134	3	$120
Disc – Primary tillage	ac	66	$ 16	$ 12	$ 20	$ 14	14	$ 15	10	$ 16	24	$ 15	8	$ 21	9	$ 20		
	hr	39	$ 168	$ 89	$ 257	$ 168	9	$ 219	5	$201	12	$ 154	6	$ 139	6	$ 123		
Disc – Secondary tillage	ac	50	$ 14	$ 10	$ 17	$ 13	11	$ 14	11	$ 14	17	$ 13	5	$ 14	5	$ 15		
	hr	29	$ 185	$ 104	$ 248	$ 148	7	$ 183	6	$197	10	$ 184	3	$ 213	3	$ 143		
Field cultivate	ac	120	$ 12	$ 9	$ 15	$ 11	29	$ 12	24	$ 14	46	$ 11	9	$ 11	10	$ 15		
	hr	66	$ 203	$ 104	$ 320	$ 160	16	$ 224	13	$213	22	$ 185	6	$ 182	8	$ 225		
Harrowing	ac	9	$ 8	$ 6	$ 10	$ 6	3	$ 11			5	$ 7						
Deep tillage/subsoiling	ac	36	$ 24	$ 20	$ 30	$ 24	13	$ 23	3	$ 24	11	$ 21			8	$ 31		
	hr	19	$ 169	$ 106	$ 212	$ 152	7	$ 161			6	$ 143			4	$ 170		
Packer/rolling	ac	54	$ 6	$ 4	$ 8	$ 6	9	$ 7	8	$ 6	30	$ 5	3	$ 7	3	$ 6		
	hr	27	$ 122	$ 60	$ 176	$ 101	5	$ 144	5	$ 86	14	$ 133						
Stalk chopping	ac	15	$ 15	$ 12	$ 18	$ 13	7	$ 14			4	$ 15			3	$ 15		
	hr	6	$ 139			$ 109												
PLANTING																		
SOYBEANS																		
Conventional row planter																		
Row width 23 in. or less	ac	58	$ 19	$ 15	$ 23	$ 19	15	$ 18	10	$ 20	20	$ 19	6	$ 21	6	$ 22		
	hr	29	$ 234	$ 91	$ 432	$ 197	9	$ 242	5	$250	9	$ 241			4	$ 213		
Row width 24 in. or more	ac	8	$ 19	$ 16	$ 22	$ 19					5	$ 17						
	hr	3	$ 170			$ 213												
Minimum/no-till planter																		
Row width 23 in. or less	ac	55	$ 22	$ 20	$ 25	$ 20	24	$ 22	9	$ 21	13	$ 21	5	$ 25	4	$ 24		
	hr	29	$ 236	$ 120	$ 392	$ 230	12	$ 206	5	$305	6	$ 234	3	$ 271	3	$ 209		
Row width 24 in. or more	ac	4	$ 25															
Conventional drill	ac	20	$ 17	$ 12	$ 22	$ 15	6	$ 16			9	$ 17			4	$ 15		
	hr	12	$ 159	$ 72	$ 204	$ 121	3	$ 164			4	$ 222			4	$ 96		
No-till drill	ac	93	$ 23	$ 20	$ 25	$ 21	26	$ 22	18	$ 21	28	$ 21	7	$ 25	14	$ 29		
	hr	61	$ 197	$ 126	$ 280	$ 185	18	$ 213	13	$174	15	$ 194	6	$ 177	9	$ 215		
Air seeder without fertilizer	ac	27	$ 22	$ 20	$ 25	$ 20	7	$ 23	4	$ 21	11	$ 21			3	$ 24		
	hr	16	$ 395	$ 291	$ 500	$ 301	6	$ 372			3	$ 460			3	$ 473		
Air seeder with fertilizer	ac	27	$ 23	$ 21	$ 25	$ 21	6	$ 24	4	$ 22	14	$ 23						
	hr	15	$ 379	$ 186	$ 518	$ 386	4	$ 490			7	$ 390						

Table 8. Survey of Custom Farmwork Rates charged in 2009 (cont'd)

CUSTOM OPERATION	Unit	Provincial #	Provincial 2009 ave.	Provincial 2009 Percentile 15th	Provincial 2009 Percentile 85th	Provincial 2006 ave.	Area 1 #	Area 1 2009 ave.	Area 2 #	Area 2 2009 ave.	Area 3 #	Area 3 2009 ave.	Area 4 #	Area 4 2009 ave.	Area 5 #	Area 5 2009 ave.	Area 6 #	Area 6 2009 ave.
PLANTING																		
CORN																		
Conventional row planter																		
Row width 23 in. or less																		
with starter fertilizer	ac	34	$ 19	$ 15	$ 22	$ 17	10	$ 20	6	$ 20	12	$ 17	3	$ 24				
	hr	21	$ 214	$ 98	$ 320	$ 202	7	$ 219	3	$ 288	6	$ 133	3	$ 337				
without starter fertilizer	ac	4	$ 19			$ 16												
Row width 24 in. or more																		
with starter fertilizer	ac	75	$ 19	$ 16	$ 22	$ 17	20	$ 20	15	$ 19	28	$ 18	3	$ 20	9	$ 19		
	hr	46	$ 209	$ 104	$ 364	$ 172	9	$ 200	9	$ 218	18	$ 221			9	$ 177		
without starter fertilizer	ac	9	$ 18	$ 14	$ 21	$ 15	4	$ 20										
	hr	6	$ 160			$ 187	3	$ 185										
Minimum/no-till																		
Row width 23 in. or less																		
with starter fertilizer	ac	9	$ 23	$ 19	$ 25	$ 21	3	$ 21	3	$ 22								
	hr	6	$ 214			$ 255			3	$ 242								
Row width 24 in. or more																		
with starter fertilizer	ac	45	$ 23	$ 19	$ 28	$ 22	13	$ 21	5	$ 20	17	$ 23	5	$ 25	5	$ 28		
	hr	28	$ 224	$ 138	$ 300	$ 195	10	$ 180	3	$ 163	7	$ 270	4	$ 173	4	$ 347		
without starter fertilizer	ac	9	$ 25	$ 20	$ 31		4	$ 23										
CEREALS (OATS, BARLEY, WHEAT)																		
Conventional drill																		
with starter fertilizer	ac	23	$ 18	$ 13	$ 22	$ 15			3	$ 23	11	$ 17			5	$ 16		
	hr	13	$ 151	$ 68	$ 205	$ 140					4	$ 134			5	$ 93		
without starter fertilizer	ac	13	$ 16	$ 12	$ 20	$ 16	3	$ 17			4	$ 14						
	hr	7	$ 128			$ 73												
No-till drill																		
with starter fertilizer	ac	48	$ 23	$ 20	$ 25	$ 21	16	$ 22	8	$ 21	13	$ 21	5	$ 26	6	$ 28		
	hr	30	$ 203	$ 142	$ 253	$ 203	10	$ 179	5	$ 193	7	$ 237	4	$ 172	4	$ 247		
without starter fertilizer	ac	26	$ 23	$ 19	$ 28	$ 20	7	$ 21			8	$ 21	4	$ 24	5	$ 30		
	hr	13	$ 186	$ 137	$ 221	$ 189					3	$ 168	3	$ 193	4	$ 226		
Air seeder without fertilizer	ac	14	$ 21	$ 20	$ 24	$ 18	3	$ 24	3	$ 21	6	$ 21						
	hr	7	$ 375															
Air seeder with fertilizer	ac	27	$ 23	$ 21	$ 25	$ 20	5	$ 23	5	$ 22	13	$ 22						
	hr	13	$ 390	$ 260	$ 500	$ 334					6	$ 447						
FORAGES																		
Drill	ac	23	$ 21	$ 15	$ 25	$ 18	5	$ 21	5	$ 20	6	$ 19			3	$ 28		
	hr	12	$ 201	$ 123	$ 335	$ 193			4	$ 192								
Broadcast/ATV spreading	ac	27	$ 4	$ 3	$ 5	$ 5	8	$ 4	7	$ 4	8	$ 4	3	$ 6				
	hr	17	$ 69	$ 43	$ 96	$ 82	6	$ 82	5	$ 51	4	$ 83						

Table 8. Survey of Custom Farmwork Rates charged in 2009 (cont'd)

CUSTOM OPERATION		Provincial					Area 1		Area 2		Area 3		Area 4		Area 5		Area 6	
			2009	2009 Percentile		2006		2009		2009		2009		2009		2009		2009
	Unit	#	ave.	15th	85th	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.
WEED CONTROL																		
HERBICIDE (excluding herbicide cost)																		
Pull-type sprayer	ac	48	$ 9	$ 8	$ 10	$ 8	13	$ 9	8	$ 9	14	$ 8			10	$ 9		
	hr	28	$ 298	$ 175	$ 449	$ 265	6	$ 358	4	$ 223	9	$ 323			6	$ 331		
Self-propelled high clearance sprayer	ac	68	$ 9	$ 8	$ 10	$ 8	17	$ 9	8	$ 9	26	$ 9	10	$ 11	3	$ 10	4	$ 8
	hr	25	$ 462	$ 168	$ 876	$ 355	7	$ 486	4	$ 645	7	$ 298	3	$ 510	3	$ 601		
Rope wick	ac	4	$ 5			$ 7	3	$ 4										
	hr					$ 224												
MECHANICAL																		
Inter-row cultivation	ac	5	$ 11			$ 8	3	$ 12										
	hr	4	$ 190			$ 71												
Rotary hoe	ac	6	$ 8			$ 6	3	$ 9										
	hr	3	$ 193			$ 128												
FERTILIZER APPLICATION																		
Spread dry fertilizer	ac	44	$ 8	$ 6	$ 10	$ 7	8	$ 8	9	$ 9	18	$ 8			4	$ 8	3	$ 7
	hr	17	$ 261	$ 123	$ 444	$ 173	4	$ 163	4	$ 435	5	$ 240						
Rental of dry bulk applicator	ac	5	$ 9															
	hr	9	$ 14	$ 10	$ 15	$ 12					3	$ 13						
Side-dress dry fertilizer	ac	3	$ 12			$ 14												
Anhydrous	ac	9	$ 14	$ 12	$ 17	$ 14	6	$ 15										
	hr	7	$ 189			$ 235	4	$ 196										
Liquid - ground	ac	13	$ 9	$ 9	$ 10	$ 8	5	$ 9	3	$ 9	4	$ 9						
	hr	7	$ 476			$ 245	4	$ 524	3	$ 413								
Liquid side-dress	ac	12	$ 11	$ 8	$ 12	$ 8	3	$ 11			3	$ 10			3	$ 11		
	hr	5	$ 205			$ 87												
INSECTICIDE/FUNGICIDE																		
Boom sprayer	ac	8	$ 10	$ 9	$ 11	$ 8	4	$ 10										
	hr	5	$ 321			$ 307	3	$ 363										

Table 8. Survey of Custom Farmwork Rates charged in 2009 (cont'd)

CUSTOM OPERATION		Provincial					Area 1		Area 2		Area 3		Area 4		Area 5		Area 6	
			2009	2009 Percentile		2006		2009		2009		2009		2009		2009		2009
	Unit	#	ave.	15th	85th	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.
COMBINING																		
CORN																		
with grain buggy	ac	86	$ 40	$ 36	$ 43	$ 37	23	$ 38	10	$ 41	34	$ 40	9	$ 39	10	$ 43		
	hr	48	$ 347	$ 215	$ 468	$ 256	15	$ 344	5	$ 372	14	$ 369	5	$ 303	9	$ 328		
without grain buggy	ac	93	$ 39	$ 35	$ 42	$ 38	27	$ 40	20	$ 40	22	$ 39	7	$ 39	14	$ 41	3	$ 32
	hr	52	$ 251	$ 163	$ 360	$ 223	17	$ 273	11	$ 210	12	$ 282	4	$ 166	7	$ 271		
SOYBEANS																		
with grain buggy	ac	75	$ 39	$ 35	$ 42	$ 36	25	$ 37	10	$ 40	25	$ 40	7	$ 39	8	$ 42		
	hr	42	$ 454	$ 244	$ 630	$ 339	15	$ 474	5	$ 460	11	$ 533	4	$ 298	7	$ 375		
without grain buggy	ac	115	$ 39	$ 35	$ 42	$ 37	35	$ 37	22	$ 39	32	$ 39	8	$ 39	15	$ 41	3	$ 32
	hr	64	$ 343	$ 200	$ 480	$ 301	22	$ 357	14	$ 276	14	$ 366	5	$ 229	8	$ 477		
CEREALS																		
with grain buggy	ac	67	$ 38	$ 35	$ 40	$ 35	22	$ 37	8	$ 39	25	$ 38	7	$ 38	5	$ 41		
	hr	37	$ 394	$ 233	$ 566	$ 271	13	$ 434	3	$ 253	13	$ 433	4	$ 293	4	$ 345		
without grain buggy	ac	104	$ 38	$ 34	$ 41	$ 36	27	$ 38	19	$ 38	30	$ 38	7	$ 38	16	$ 42	5	$ 32
	hr	54	$ 266	$ 160	$ 400	$ 238	14	$ 264	13	$ 226	12	$ 271	5	$ 229	7	$ 408	3	$ 153
CANOLA																		
with grain buggy	ac	8	$ 41	$ 40	$ 45	$ 36	3	$ 42			4	$ 39						
	hr	3	$ 512			$ 294												
without grain buggy	ac	6	$ 38			$ 34												
	hr	4	$ 308															
GRAIN BUGGY ALONE																		
	ac	19	$ 5	$ 3	$ 6	$ 5	4	$ 4	4	$ 5	8	$ 4						
	hr	7	$ 84			$ 63					4	$ 84						

Table 8. Survey of Custom Farmwork Rates charged in 2009 (cont'd)

CUSTOM OPERATION		Provincial					Area 1		Area 2		Area 3		Area 4		Area 5		Area 6	
			2009	2009 Percentile		2006		2009		2009		2009		2009		2009		2009
	Unit	#	ave.	15th	85th	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.
OTHER CROP HARVESTING																		
Grain swathing	ac	13	$ 15	$ 12	$ 17	$ 13					10	$ 14						
	hr	9	$ 101	$ 80	$ 94	$ 98												
HIGH MOISTURE CORN																		
Combine	ac	9	$ 46	$ 40	$ 45	$ 45	3	$ 42										
	hr	5	$ 310			$ 336												
Combined and hauled to silo	ac	11	$ 51	$ 43	$ 64	$ 41	3	$ 45							3	$ 50		
	hr	4	$ 475			$ 306												
EDIBLE BEANS																		
Bean pulling + windrowing	ac	5	$ 24			$ 29	4	$ 26										
	hr	4	$ 236				3	$ 207										
Combining – Conventional grain type	ac	26	$ 43	$ 40	$ 45	$ 39	7	$ 42			15	$ 42						
	hr	11	$ 450	$ 200	$ 690	$ 267	5	$ 444			5	$ 475						
Combining – Specialty – Bob/Lilliston	ac	4	$ 50			$ 56	4	$ 50										
	hr	3	$ 267				3	$ 267										
TRUCKING																		
Grains and Oilseeds	bu	10	$ 0.16	$ 0.13	$ 0.15	$ 0.15	8	$ 0.17										
	mt	84	$ 8	$ 6	$ 11	$ 7	15	$ 7	16	$ 9	33	$ 7	11	$ 11	7	$ 10		
	ton	27	$ 8	$ 6	$ 10	$ 7	4	$ 7	10	$ 8	9	$ 7			3	$ 10		
FORAGE HARVESTING																		
HAY																		
Swathing/conditioning	ac	56	$ 17	$ 14	$ 20	$ 15	8	$ 19	7	$ 18	25	$ 16	7	$ 17	7	$ 14		
	hr	34	$ 137	$ 84	$ 171	$ 96	3	$ 170	3	$ 143	15	$ 153	3	$ 148	7	$ 98	3	$ 93
Raking	ac	27	$ 8	$ 6	$ 10	$ 6	3	$ 7	6	$ 7	10	$ 7	4	$ 9	4	$ 8		
	hr	18	$ 80	$ 47	$ 109	$ 52					8	$ 79			4	$ 71		
Bale – sm. square (loaded)	bale	25	$ 0.76	$ 0.49	$ 1.08	$ 0.73	3	$ 0.58	4	$ 0.68	12	$ 0.63	4	$ 1.04				
Bale – lg. square	ft.	30	$ 1.24	$ 1.00	$ 1.35	$ 1.12			4	$ 1.25	14	$ 1.26	3	$ 1.49	6	$ 1.17		
Bale – lg. round under 1,000 lb	bale	44	$ 7	$ 6	$ 8	$ 7	5	$ 8	6	$ 9	21	$ 7	5	$ 8	6	$ 6		
Bale – lg. round over 1,000 lb	bale	19	$ 8	$ 7	$ 10	$ 7	5	$ 9			5	$ 8			4	$ 8		
Entire operation (mowing to baling)	lg. bale	5	$ 12												3	$ 14		
BALE WRAPPING																		
Individual – with plastic	bale					$ 8												
Tube – without plastic	bale	5	$ 3			$ 3												
Tube – with plastic	bale	3	$ 5			$ 7												
STRAW																		
Bale – lg. square per ft		4	$ 1.51			$ 1.09												
Bale – lg. round	bale	6	$ 8			$ 7					3	$ 7						
Bale – lg. round with netting	bale	6	$ 8			$ 8			4	$ 8								

Table 8. Survey of Custom Farmwork Rates charged in 2009 (cont'd)

CUSTOM OPERATION	Unit	Provincial #	Provincial 2009 ave.	Provincial 2009 Percentile 15th	Provincial 2009 Percentile 85th	Provincial 2006 ave.	Area 1 #	Area 1 2009 ave.	Area 2 #	Area 2 2009 ave.	Area 3 #	Area 3 2009 ave.	Area 4 #	Area 4 2009 ave.	Area 5 #	Area 5 2009 ave.	Area 6 #	Area 6 2009 ave.
HAYLAGE																		
PTO Harvester																		
Field chopping only	hr	10	$169	$ 127	$ 213	$ 165					6	$ 168						
Chop, haul, pack, blow	ac					$ 73												
	hr					$ 208												
Self -propelled harvester																		
Field chopping only	ac					$ 42												
	hr	12	$296	$ 209	$ 368	$ 235			3	$ 266	4	$ 336						
Chop, haul, pack, blow	hr	8	$517	$ 404	$ 597	$ 320					3	$ 527						
CORN SILAGE																		
PTO Harvester																		
Field chopping only	ac	4	$ 69															
	hr	15	$169	$ 103	$ 219	$ 172	3	$ 182			9	$ 177						
Chop, haul, pack, blow	ac					$ 88												
	hr	7	$228			$ 209	3	$ 197			3	$ 177						
Self-propelled harvester																		
Field chopping only	ac					$ 72												
	hr	5	$257			$ 343			3	$ 285								
Chop, haul, pack, blow	ac					$ 70												
	hr	4	$561			$ 175												
Self-propelled harvester with kernel																		
Field chopping only	ac	4	$159			$ 64												
	hr	7	$331								4	$ 341						
Chop, haul, pack, blow	ac	3	$350			$ 100												
	hr																	
MANURE HANDLING																		
SOLID																		
Loader only	hr	25	$ 67	$ 50	$ 85	$ 70	4	$ 66	3	$ 60	11	$ 58	3	$ 78	4	$ 90		
Spreader only	hr	19	$ 93	$ 64	$ 136	$ 93	5	$ 72			7	$ 104			3	$ 127		
Loader and spreader	hr	14	$127	$ 79	$ 190	$ 108					5	$ 119			4	$ 145		
LIQUID																		
Drag hose boom applicator per 1,000 gal		3	$ 7			$ 9												
Tanker - surface applied only per 1,000 gal		3	$ 9															
Tanker - surface applied only	hr	11	$127	$ 90	$ 150						5	$ 151						
Tanker - surface applied with incorporation	hr	3	$195															
Tanker applied - knife injection	hr	4	$164															
Truck transfer	hr	5	$109															
MISCELLANEOUS																		
Snow removal - blade	hr	13	$ 82	$ 64	$ 104		4	$ 58			4	$ 96						
Snow blowing	hr	61	$ 90	$ 60	$ 120	$ 79	9	$ 76	5	$ 112	33	$ 89	4	$ 106	9	$ 88		

Table 9. Survey of short-term rental rates charged in 2009

CUSTOM OPERATION		Provincial					Area 1		Area 2		Area 3		Area 4		Area 5		Area 6	
			2009	2009 Percentile		2006		2009		2009		2009		2009		2009		2009
	Unit	#	ave.	15th	85th	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.	#	ave.
TRACTOR RENTALS																		
Custom operator	hr	14	$ 51	$ 20	$ 71	$ 56	3	$ 32			6	$ 53			3	$ 65		
	hp/hr	7	$ 0.30								3	$ 0.32						

Iron Solutions[1] Eastern Canada Winter Guide Suggested Rates			
	Unit	2009	2006
Utility under 100 hp without cab	hp/hr	$ 0.24	$ 0.24
Utility with cab and 2WD	hp/hr	$ 0.26	$ 0.26
Utility with cab and MFWD	hp/hr	$ 0.29	$ 0.29
Rowcrop with cab and 2WD	hp/hr	$ 0.29	$ 0.29
Rowcrop with cab and MFWD	hp/hr	$ 0.31	$ 0.32
4-wheel drive with duals	hp/hr	$ 0.31	$ 0.32
Tractor Option Charges:			
Duals	hp/hr		$0.03
Loader	hp/hr	$ 0.06	$ 0.07

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